**Q1 FY2013 Tokuyama Corporation Earnings Conference Call (July 31, 2013)**
**Q&A (Excerpts)**

Participants:
Tatsuo Segawa, Representative Director and Senior Managing Executive Officer
Yoshifumi Matsumoto, General Manager, Corporate Communications & Investor Relations Dept.

Q. I understand that the Company has not previously announced details of financial results forecasts for the first quarter of the fiscal year under review. Could you comment, however, on how the Company views its 1Q results?
A. The most important point is the Companywide commitment to carrying out our Profit Improvement Plan launched on February 28, 2013. Our results in the 1Q of FY2013 are a clear indication of steady progress.

Q. What are your thoughts on the first half of the fiscal year under review? Do you believe that trends over the 1Q will continue into the 2Q, or do you envisage other movements by business segment to suggest a change? Please provide us with your current assessment.
A. At this stage, we believe that trends over the 1Q will continue into the 2Q. We recognize the need to further boost structural reforms in order to enhance business profitability from the 2Q. Taking into consideration uncertainties surrounding certain sections of our business environment, the potential for slight up- and downside risks depending on the business segment, and steps to push forward business on a Companywide basis according to the Profit Improvement Plan, we are maintaining full fiscal year forecasts at this time.

Q. Can you please provide us with an update on the current status of the Malaysia Project?
A. The project is proceeding according to plans.

Q. Could you please explain the meaning of “expenditure reduction” outlined on page 17 of the presentation material? The Company has identified a reduction of ¥2.7 billion for the 1Q. From what period will this reduction take place?
A. The Company first identified its intention to reduce expenditure by ¥5.0 billion compared with results recorded in FY2012 at the time of its Profit Improvement Plan announcements on February 28. 2013. In specific terms, we are forecasting cutbacks in overhead expenses, purchasing expenses, distribution expenses, repairs expenses, and personnel expenses of ¥0.3 billion, ¥1.7 billion, ¥0.5 billion, ¥0.5 billion, and ¥2.0 billion, respectively. The total sum of expenditure cutbacks amounting to ¥2.7 billion for the 1Q of FY2013 is in comparison with the corresponding period of the previous

fiscal year. However, a portion of this total represents a residual inventory balance. As a result, this expenditure reduction has not translated into an increase in earnings by the full amount of ¥2.7 billion.

Q. Is it accurate to say then to say that the Company is making substantial progress in the reduction of expenditure?
A. We have been working diligently to reduce overhead and personnel expenses since the 2Q of FY2012. From the 2Q of FY2013, cutbacks in overhead and personnel expenses can therefore be expected to wane. While we are projecting an annual reduction in expenditure of ¥4.5 billion this year, we do not at this stage see any major increase in the amount of reduction thereafter.

Q. Turning to the acquisition of Holcim (Nouvelle Caledonie) S.A. shares outlined on page 21 of the presentation material, goodwill has increased ¥3.3 billion compared with March 31, 2013. Can you tell us to the extent possible whether this increase in goodwill is attributable to the acquisition of Holcim (Nouvelle Caledonie) S.A. shares and will there be any contribution to earnings after goodwill amortization?
A. First, as you have mentioned, the increase in goodwill and intangible fixed assets of ¥3.3 billion is attributable to the acquisition of Holcim (Nouvelle Caledonie) S.A. shares. While we are not in a position to provide any specific details regarding contributions to earnings, we are expecting some level of contribution in FY2013. In addition, we will benefit from the ability to ship clinker, a cement raw material.

Q. The increase in earnings in the Cement segment looks to be largely the result of reductions in expenses. Can you explain further on this point?
A. We have been working to steadily reduce fixed expenses in the Cement segment for the past three to four years. Complementing this initiative, the Company as a whole has worked diligently to curtail expenses. Coupled with these cutbacks in overhead expenses and repair expenses in other segments as well as a reduction in personnel expenses relating to the Cement segment, we are seeing positive flow-on effects in improved earnings.